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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

And 2/27/2004

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8- 42051

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/03 AND ENDING 12/31/03  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

LIBERTY CAPITAL INVESTMENT CORPORATION

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1700 SW 4th Avenue

Suite #105

(No. and Street)

Portland

OR

97201-5512

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Gary F. Purpura, President

503-225-9393

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Beemer, Smith, Munro & Co., LLP

(Name - if individual, state last, first, middle name)

516 SE Morrison Street, Suite 1000

Portland

OR

97214

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

PROCESSED  
MAR 05 2004

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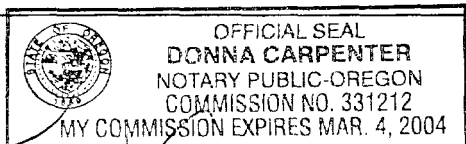
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

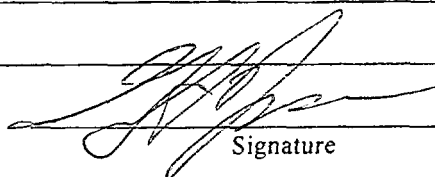
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## OATH OR AFFIRMATION

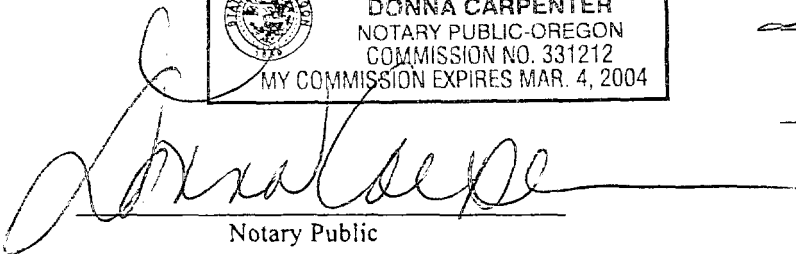
I, Gary Purpura, President, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Liberty Capital Investment Corporation, as of December 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



  
Signature

President

Title

  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**



**LIBERTY CAPITAL INVESTMENT CORPORATION**  
Portland, Oregon

**FINANCIAL STATEMENTS**  
For the Year Ended  
December 31, 2003

**Liberty Capital Investment Corporation**  
**FINANCIAL STATEMENTS**  
**December 31, 2003**

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# **BEEMER, SMITH, MUNRO & CO., LLP**

*Certified Public Accountants and Business Advisors*

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors

### **Liberty Capital Investment Corporation**

We have audited the accompanying statement of financial condition of Liberty Capital Investment Corporation (the Company) as of December 31, 2003, and the related statements of income (loss), changes in ownership equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Liberty Capital Investment Corporation at December 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplemental section at pages 12 through 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Beemer, Smith, Munro & Co., LLP*

Beemer, Smith, Munro & Co., LLP  
February 6, 2004

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AICPA • OSCP

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# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

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BROKER OR DEALER **LIBERTY CAPITAL INVESTMENT CORPORATION**

**N 3**

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## STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

as of (MM/DD/YY) **12/31/03**

SEC FILE NO. **8-42051**

Consolidated ☐

Unconsolidated ☒

99

98

198

199

### ASSETS

	Allowable	Non-Allowable	Total
1. Cash	\$ 159,102 200		\$ 159,102 750
2. Receivables from brokers or dealers:			
A. Clearance account	38,361 295		
B. Other	6,849 300	550	45,210 810
3. Receivables from non-customers	-0- 355	600	-0- 830
4. Securities and spot commodities owned, at market value:			
A. Exempted securities	418		
B. Debt securities	419		
C. Options	420		
D. Other securities	106,537 424		
E. Spot commodities	430		106,537 850
5. Securities and/or other investments not readily marketable:			
A. At cost \$ 3,300 130			
B. At estimated fair value	440	3,300 610	3,300 860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:	460	630	880
A. Exempted securities \$ 150			
B. Other securities \$ 160			
7. Secured demand notes:	470	640	890
market value of collateral:			
A. Exempted securities \$ 170			
B. Other securities \$ 180			
8. Memberships in exchanges:			
A. Owned, at market \$ 190			
B. Owned, at cost		650	
C. Contributed for use of the company, at market value		660	900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships	480	670	910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization	-0- 490	4,176 680	4,176 920
11. Other assets	-0- 535	4,591 735	4,591 930
12. TOTAL ASSETS	\$ 310,849 540	\$ 12,067 740	\$ 322,916 940

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**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

**PAGE 3**

**BROKER OR DEALER LIBERTY CAPITAL INVESTMENT CORPORATION**

as of 12/31/03

**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING  
AND CERTAIN OTHER BROKERS OR DEALERS**

**LIABILITIES AND OWNERSHIP EQUITY**

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable .....	\$ <u>1045</u>	\$ <u>1255</u>	\$ <u>1470</u>
14. Payable to brokers or dealers:			
A. Clearance account .....	<u>1114</u>	<u>1315</u>	<u>1560</u>
B. Other .....	<u>1115</u>	<u>1305</u>	<u>1540</u>
15. Payable to non-customers .....	<u>1155</u>	<u>1355</u>	<u>1610</u>
16. Securities sold not yet purchased, at market value .....		<u>1360</u>	<u>1620</u>
17. Accounts payable, accrued liabilities, expenses and other .....	<u>33,699</u> <u>1205</u>	<u>1385</u>	<u>33,699</u> <u>1680</u>
18. Notes and mortgages payable:			
A. Unsecured .....	<u>1210</u>		<u>1690</u>
B. Secured .....	<u>1211</u>	<u>1390</u>	<u>1700</u>
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		<u>1400</u>	<u>1710</u>
1. from outsiders \$ <u>970</u>			
2. Includes equity subordination (15c3-1 (d)) of .... \$ <u>980</u>			
B. Securities borrowings, at market value: . . .		<u>1410</u>	<u>1720</u>
from outsiders \$ <u>990</u>			
C. Pursuant to secured demand note collateral agreements: .....		<u>1420</u>	<u>1730</u>
1. from outsiders: \$ <u>1000</u>			
2. Includes equity subordination (15c3-1 (d)) of .... \$ <u>1010</u>			
D. Exchange memberships contributed for use of company, at market value .....		<u>1430</u>	<u>1740</u>
E. Accounts and other borrowings not qualified for net capital purposes .....	<u>1220</u>	<u>1440</u>	<u>1750</u>
20. <b>TOTAL LIABILITIES</b> .....	\$ <u>33,699</u> <u>1230</u>	\$ <u>-0-</u> <u>1450</u>	\$ <u>33,699</u> <u>1760</u>

**Ownership Equity**

21. Sole proprietorship .....	\$ <u>1770</u>
22. Partnership (limited partners) .....	\$ <u>1780</u>
23. Corporation:	
A. Preferred stock .....	<u>1791</u>
B. Common stock .....	<u>10,000</u> <u>1792</u>
C. Additional paid-in capital .....	<u>10,116</u> <u>1793</u>
D. Retained earnings .....	<u>269,101</u> <u>1794</u>
E. Total .....	<u>289,217</u> <u>1795</u>
F. Less capital stock in treasury .....	<u>-0-</u> <u>1796</u>
24. <b>TOTAL OWNERSHIP EQUITY</b> .....	\$ <u>289,217</u> <u>1800</u>
25. <b>TOTAL LIABILITIES AND OWNERSHIP EQUITY</b> .....	\$ <u>322,916</u> <u>1810</u>

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# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

**BROKER OR DEALER** LIBERTY CAPITAL INVESTMENT CORPORATION

For the period (MMDDYY) from 01/01/03 3932 to 12/31/03 3933  
Number of months included in this statement 12 3931

### STATEMENT OF INCOME (LOSS)

#### REVENUE

1. Commissions:		
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$ 154,053	3935
b. Commissions on listed option transactions	10,101	3938
c. All other securities commissions	91,498	3939
d. Total securities commissions	255,652	3940
2. Gains or losses on firm securities trading accounts		
a. From market making in options on a national securities exchange		3945
b. From all other trading		3949
c. Total gain (loss)		3950
3. Gains or (losses) on firm securities investment accounts	( 6,353)	3952
4. Profit (loss) from underwriting and selling groups		3955
5. Revenue from sale of investment company shares	192,815	3970
6. Commodities revenue		3990
7. Fees for account supervision, investment advisory and administrative services		3975
8. Other revenue	4,808	3995
9. Total revenue	\$ 446,922	4030

#### EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers	\$ 198,733	4120
11. Other employee compensation and benefits	59,284	4115
12. Commissions paid to other broker-dealers	57,100	4140
13. Interest expense		4075
a. Includes interest on accounts subject to subordination agreements	4070	
14. Regulatory fees and expenses		4195
15. Other expenses	107,697	4100
16. Total expenses	\$ 422,814	4200

#### NET INCOME

17. Net income (loss) before Federal income taxes and items below (Item 9 less Item 16)	\$ 24,108	4210
18. Provision for Federal income taxes (for parent only)	3,527	4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above		4222
a. After Federal income taxes of	4238	
20. Extraordinary gains (losses)		4224
a. After Federal income taxes of	4239	
21. Cumulative effect of changes in accounting principles		4225
22. Net income (loss) after Federal income taxes and extraordinary items	\$ 20,581	4230

#### MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items	\$ 8,847	4211
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BROKER OR DEALER LIBERTY CAPITAL INVESTMENT CORPORATION

For the period (MMDDYY) from 01/01/03 to 12/31/03

STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period .....	\$	288,636	4240
A. Net income (loss) .....		20,581	4250
B. Additions (Includes non-conforming capital of .....	\$	4262	4260
C. Deductions (Includes non-conforming capital of .....	\$	4272	4270
2. Balance, end of period (From item 1800) .....	\$	289,217	4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period .....	\$	4300
A. Increases .....		4310
B. Decreases .....		4320
4. Balance, end of period (From item 3520) .....	\$	4330

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**Liberty Capital Investment Corporation**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2003

**NET CASH FLOWS FROM OPERATING ACTIVITIES:**

Net income	\$20,581
Noncash expenses, revenues, losses and gains included in net income:	
--Depreciation	3,366
--Unrealized (gain) loss on investments	5,581
--(Gain) loss on sale of investments	772
--Gain (loss) on sale of assets	--
(Increase) decrease in:	
--Mutual fund commission receivable	1,003
--Ameritrade receivable	( 6,399)
--Prepaid income tax	( 527)
--Prepaid expenses	( 690)
Increase (decrease) in:	
--Deferred taxes	( 1,923)
--Accounts payable	175
--Accrued liabilities	8,299
--Accrued income tax	<u>6,163</u>
Net Cash Provided from Operating Activities	<u>36,401</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Cash outflows for purchase of fixed assets	( 383)
Cash outflows for purchase of investments	( 109)
Proceeds from sale of investments	<u>20,878</u>
Net Cash Provided from Investing Activities	<u>20,386</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Dividends paid	( 20,000)
Net Cash Used in Financing Activities	<u>( 20,000)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	36,787

**CASH AND CASH EQUIVALENTS, beginning of year** 122,315

**CASH AND CASH EQUIVALENTS, end of year** \$ 159,102

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

Cash paid during the year for:	
Income taxes	<u>\$ 2,745</u>

LIBERTY CAPITAL INVESTMENT CORPORATION

Portland, Oregon

Notes to Financial Statements

December 31, 2003

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Liberty Capital Investment Corporation was incorporated on October 1, 1989 in Oregon. The Company is a registered broker and dealer in securities under the Securities Exchange Act of 1934.

Revenue Recognition

Customers' security transactions are recorded on a settlement date basis with related commission income and expense recorded on a trade date basis.

Investments

Marketable securities are valued at market value. The resulting difference between cost and market is included in income.

Fixed Assets

Depreciation is provided on a straight-line basis using estimated useful lives of five to ten years.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes cash on hand, cash in banks and cash equivalents. Cash equivalents include all highly liquid investment instruments purchased with a maturity of three months or less.

The Company uses the indirect method of reporting cash flows.

Deferred Income Taxes

Deferred income taxes are provided when income and expenses, principally relating to the valuation of investment securities and differences in depreciation methods for book and tax, are recognized in different years for financial and tax reporting purposes.

### Advertising

Advertising costs are generally charged to operations in the year incurred and totaled \$75 in 2003.

### Use of Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions which affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### NOTE B: RECEIVABLE FROM BROKERS, DEALERS AND CLEARING ORGANIZATION

Accounts receivable from brokers, dealers and clearing organization result from the Company's normal trading activities. The Company considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

#### NOTE C: INVESTMENT SECURITIES

Marketable securities owned at December 31, 2003 consist of investment securities at quoted market values, and other not readily marketable securities as illustrated below:

##### Readily marketable (allowable):

Corporate stocks	\$ 57,503
Stock and bond mutual funds	<u>49,034</u>
	<u>\$ 106,537</u>

##### Not readily marketable (non-allowable):

Corporate warrants	<u>\$ 3,300</u>
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#### NOTE D: FIXED ASSETS

Fixed assets include property and equipment. Useful lives of equipment range from 5 to 10 years. At December 31, 2003, fixed assets consist of:

	<u>2003</u>
Furniture and fixtures	\$ 22,844
Leasehold improvements	<u>1,868</u>
	24,712
Less: Accumulated depreciation	<u>( 20,536)</u>
	<u>\$ 4,176</u>

Depreciation expense was \$3,366 for the year ended December 31, 2003.

NOTE E:     CAPITAL STOCK

Capital stock at December 31, 2003 consists of:

10,000 shares of no par value  
common stock authorized, issued  
and outstanding. \$ 10,000

NOTE F:     INCOME TAXES

The components of the provision for corporate income tax are as follows:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 5,082	\$( 1,555)	\$ 3,527
State and local	<u>4,661</u>	<u>( 368)</u>	<u>4,293</u>
Total Provision	<u>\$ 9,743</u>	<u>\$( 1,923)</u>	<u>\$ 7,820</u>

Net deferred tax assets (liability) as of December 31, 2003 consist of the following:

	<u>Assets</u>	<u>Liabilities</u>	<u>Total</u>
Current:			
Federal	\$ 2,236	\$ --	\$ 2,236
State	<u>984</u>	<u>--</u>	<u>984</u>
	<u>3,220</u>	<u>--</u>	<u>3,220</u>

Noncurrent:			
Federal	--	365	( 365)
State	--	160	( 160)
	--	525	( 525)
Total	\$ <u>3,220</u>	\$ <u>525</u>	\$ <u>2,695</u>

NOTE G: NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. At December 31, 2003, the Company had net capital of \$247,639, which was \$197,639 in excess of its required net capital of \$50,000. The Company's net capital ratio was .136 to 1.

NOTE H: RETIREMENT PLAN

The Company maintains a Savings Incentive Match Plan for Employees (SIMPLE-IRA) in which all employees receiving at least \$5,000 during any prior year are eligible to participate. Employees can elect to defer up to \$8,000 (\$9,000 if age 50 or older). The company must match dollar-for-dollar the employee elective deferrals up to 3% of wage up to \$6,000 or contribute 2% of wage up to \$4,000 for all employees. The contribution made for the year ended December 31, 2003 was \$4,526.

NOTE I: STOCKHOLDERS' AGREEMENT

The stockholders of the Company have an agreement stipulating, among other things, the terms under which the Company's stock can be sold or transferred. The agreement provides that a stockholder intending to dispose of an interest in the Company must first offer his stock to the other stockholders at a price determined in accordance with the agreement. Any shares not purchased by the remaining stockholders will be purchased by the Company. The agreement also provides that the other stockholders may redeem the shares owned by a stockholder upon death or disability.

NOTE J:      LEASE COMMITMENTS

The Company entered into a lease agreement effective March 26, 2001 for lease of office space and parking. The agreement calls for monthly payments of \$1,868.13 for office space until May 1, 2003 when it increased to \$1,974.88 per month. Parking is at the current market rate which is currently \$316 per month. The agreement expires April 30, 2006.

The future lease commitments are summarized as follows:

<u>Year</u>	<u>Lease Commitment</u>
2004	\$ 23,699
2005	23,699
2006	<u>7,900</u>
	<u>\$ 55,298</u>

Total rent expense including parking for 2003 was \$30,682.

NOTE K:      CONCENTRATIONS OF CREDIT RISK

The Company has cash and money market fund deposits at financial institutions in excess of the Federally insured limits. The amount at risk at December 31, 2003 is \$117,632. The Company does business primarily in Portland, Oregon and surrounding metropolitan area.

SUPPLEMENTAL INFORMATION



**BROKER OR DEALER** LIBERTY CAPITAL INVESTMENT CORPORATION

as of 12/31/03

**COMPUTATION OF NET CAPITAL**

1. Total ownership equity from Statement of Financial Condition	\$ 289,217	3480
2. Deduct ownership equity not allowable for Net Capital	( )	3490
3. Total ownership equity qualified for Net Capital	289,217	3500
4. Add:		
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		3520
B. Other (deductions) or allowable credits (List)		3525
5. Total capital and allowable subordinated liabilities	\$ 289,217	3530
6. Deductions and/or charges:		
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	\$ 12,067	3540
B. Secured demand note deficiency		3590
C. Commodity futures contracts and spot commodities: proprietary capital charges		3600
D. Other deductions and/or charges		3610
7. Other additions and/or allowable credits (List)	( 12,067 )	3630
8. Net capital before haircuts on securities positions	\$ 277,150	3640
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):		
A. Contractual securities commitments	\$	3660
B. Subordinated securities borrowings		3670
C. Trading and investment securities:		
1. Exempted securities		3735
2. Debt securities		3733
3. Options		3730
4. Other securities	18,333	3734
D. Undue Concentration	2,141	3650
E. Other (List)		3736
10. Net Capital	\$ 256,676	3750

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**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

**PAGE 9**

**BROKER OR DEALER** LIBERTY CAPITAL INVESTMENT CORPORATION

as of 12/31/03

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

**Part A**

11. Minimum net capital required (6-2/3% of line 19)	\$ 2,247	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 50,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$ 50,000	3760
14. Excess net capital (line 10 less 13)	\$ 206,676	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$ 253,306	3780

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

16. Total A/L liabilities from Statement of Financial Condition	\$ 33,699	3790
17. Add:		
A. Drafts for immediate credit	\$ 3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$ 3810	
C. Other unrecorded amounts (List)	\$ 3820	3830
19. Total aggregate indebtedness	\$ 33,699	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	13.1	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)		3860

**COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT**

**Part B**

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$ 3870	
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 3880	
24. Net capital requirement (greater of line 22 or 23)	\$ 3760	
25. Excess net capital (line 10 less 24)	\$ 3910	
26. Net capital in excess of: 5% of combined aggregate debit items or \$120,000	\$ 3920	

OMIT PENNIE

**NOTES:**

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
  2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT**  
**PART IIA**

**PAGE 10**

**BROKER OR DEALER** LIBERTY CAPITAL INVESTMENT CORPORATION as of 12/31/03

**Exemptive Provision Under Rule 15c3-3**

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- A. (k) (1)—\$2,500 capital category as per Rule 15c3-1 ..... **4550**
- B. (k) (2)(A)—"Special Account for the Exclusive Benefit of customers" maintained ..... **4560**
- C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm Advanced Clearing, Inc. 8-16335 **4335** K2B **4570**
- D. (k) (3)—Exempted by order of the Commission ..... **4580**

**Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.**

Type of Proposed withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)
▼ 22 <b>4600</b>	<b>4601</b>	<b>4602</b>	<b>4603</b>	<b>4604</b>	<b>4605</b>
▼ 23 <b>4610</b>	<b>4611</b>	<b>4612</b>	<b>4613</b>	<b>4614</b>	<b>4615</b>
▼ 24 <b>4620</b>	<b>4621</b>	<b>4622</b>	<b>4623</b>	<b>4624</b>	<b>4625</b>
▼ 31 <b>4630</b>	<b>4631</b>	<b>4632</b>	<b>4633</b>	<b>4634</b>	<b>4635</b>
▼ 34 <b>4640</b>	<b>4641</b>	<b>4642</b>	<b>4643</b>	<b>4644</b>	<b>4645</b>
▼ 37 <b>4650</b>	<b>4651</b>	<b>4652</b>	<b>4653</b>	<b>4654</b>	<b>4655</b>
▼ 38 <b>4660</b>	<b>4661</b>	<b>4662</b>	<b>4663</b>	<b>4664</b>	<b>4665</b>
▼ 39 <b>4670</b>	<b>4671</b>	<b>4672</b>	<b>4673</b>	<b>4674</b>	<b>4675</b>
▼ 40 <b>4680</b>	<b>4681</b>	<b>4682</b>	<b>4683</b>	<b>4684</b>	<b>4685</b>
▼ 41 <b>4690</b>	<b>4691</b>	<b>4692</b>	<b>4693</b>	<b>4694</b>	<b>4695</b>
<b>TOTAL \$</b>			<b>4699</b>		

OMIT PENNIES

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

**WITHDRAWAL CODE: DESCRIPTION**

1. Equity Capital
2. Subordinated Liabilities
3. Accruals
4. 15c3-1(c)(2)(iv) Liabilities

**Liberty Capital Investment Corporation****Reconciliation of the Computation of Net Capital Under Rule 15c3-1**

As of December 31, 2003

**RECONCILIATION WITH COMPANY'S COMPUTATION**

(included in Part II of Form X-17A-5 as of December 31, 2003)

Total ownership equity from statement of Financial Condition, as reported in Company's Part II FOCUS report (Unaudited)	\$ 283,695
Change in cash	127,932
Change in receivables from brokers or dealers	10,096
Change in receivables from non-customers	( 43)
Change in market value of other securities	( 77,283)
Change in nonreadily marketable securities	( 39,690)
Change in other assets	( 14,293)
Change in fixed assets and accumulated depreciation (non-allowable assets)	660
Change in accounts payable, accrued liabilities, expenses and other	( 1,857)
<b>Total ownership equity per audit</b>	<b><u>\$ 289,217</u></b>
Net capital, as reported in Company's Part II FOCUS report (Unaudited)	\$ 199,505
Audit adjustments to increase accrued expenses	1,857
(Increase) decrease in non-allowable assets	53,323
Undue concentration haircut	( 2,141)
Other audit adjustments - net	<u>4,132</u>
<b>Net capital per audit</b>	<b><u>\$ 256,676</u></b>



## **BEEMER, SMITH, MUNRO & CO., LLP**

*Certified Public Accountants and Business Advisors*

The Board of Directors  
**Liberty Capital Investment Corporation**

In planning and performing our audit of the financial statements and supplemental schedules of Liberty Capital Investment Corporation (the Company), for the year ended December 31, 2003, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e). Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned

objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with U.S. generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2003, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, NASD, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and it is not intended to be and should not be used by anyone other than these specified parties.

*Beemer, Smith, Munro & Co., LLP*

Beemer, Smith, Munro & Co., LLP  
February 6, 2004